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Weekly Contributions
Latin America Branch, ORE, CIA
8 February 1949

Of the developments reported on this week, that of greatest interest is the insecure status of Bolivia's government (p. 3). The new military governments of Peru (p. 4) and of Venezuela (p. 3) are being watched with interest as in both considerable opposition to the governing juntas is becoming evident.

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SUMMARY

NORTHERN DIVISION: In the Caribbean area the "spiritual and intellectual bloc" now forming is essentially a propaganda movement capable of adversely affecting future joint solution of inter-American problems (p. 2). The Third West Indian Conference passed many resolutions of interest to other countries (p. 5). Mexico at present is relatively quiet politically and enjoys a fair degree of economic stability (p. 6).

CENTRAL DIVISION: Brazil faces a serious decline in coffee production (p. 2). In Venezuela a change in the leadership of the military junta may be imminent (p. 3).

SOUTHERN DIVISION: Bolivia's government is threatened as two army groups are plotting against it (p. 3). Peru's military rulers are likely to continue the state of siege and to postpone elections because of increasing opposition (p. 4). Chile's president, for reasons of practical politics, has relaxed controls over Communists (p. 4). Chile's response to President Truman's inaugural offer of US aid to other countries includes moves designed to attract US private capital to that country (p. 4).

DOCUMENT NO. 5
NO CHANGE IN CLASS. ☐
[] DECLASSIFIED
CLASS. CHANGED TO: TS S 01887
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE 10-25-76 REVIEWER: 372044

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B/LA, CIA

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1. CARIBBEAN: Propaganda Campaign for the Democracies

Efforts toward the formation of a "spiritual and intellectual" bloc of the Latin American democracies to oppose the Caribbean area's "dictatorships" are indicated by recent activity in Havana. According to the NY Times, President Prío initiated discussions on the formation of a "spiritual" bloc during his pre-inaugural visits to Costa Rica, Guatemala, Mexico, and Venezuela. The US Embassy Havana reports that the Ecuadoran Minister of the Interior has personally discussed the matter with President Prío on the latter's initiative and that Ecuador has approved the idea. Also President Prío has publicly indicated his interest in a "continued opposition" to Latin American dictatorships. Recently, in Havana, the Committee for Democratic Union of the Caribbean has issued jointly with the National Executive Committee of the Association of Veterans and Anti-Fascist Revolutionaries of Cuba a demand for severance of Cuban-Dominican diplomatic relations and a "general spiritual mobilization" against the Dominican Republic. There has lately been incorporated in Cuba a commercial firm called Cuavagua, the purpose of which is probably to serve as a cover for anti-"dictatorship" activities of Dominican revolutionaries.

CIA estimates that the "spiritual and intellectual" activity apparently desired by President Prío (1) will be primarily of a propaganda nature designed to supplement the conspiratorial and combative maneuvers of the Caribbean Legion; (2) will draw most of its financial support from Cuban government functionaries; and (3) may possibly develop into a full-scale publicity campaign on behalf of the Caribbean Legion and Central American-Caribbean problems as distinguished from South American problems.

Although an active "spiritual and intellectual" democratic bloc among the other American republics will not directly affect US security interests inherent in the concept of Hemisphere solidarity toward encroachments from without, it may have a divisive effect on intra-Hemisphere problems and their solution by joint inter-American action.

2. BRAZIL: Brazil's coffee industry is approaching a period of crisis. The decline of coffee production, begun by government restrictions in the face of the overproduction of the '30's, has been accentuated by a coffee-plant disease (the broca). Only 3,000,000 bags from former surplus crops are left in government storehouses and these may well be sold to round out the short 1949 coffee crop. The coffee industry has habitually turned to the government for aid in times of emergency and now it may be expected to do so again. Substantial government aid could increase coffee production fairly rapidly, in spite of the four-year gap between planting and bearing which is characteristic of coffee trees, since such aid would include more effective measures against the destructive coffee-plant disease. Although the problem of finding sufficient funds to aid coffee producers

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will pose difficulties for President Dutra, whose financial program is one of rigid economy, a solution must be found if Brazil is not to face a drop in foreign exchange receipts, one-third of which are normally derived from coffee exports.

3. VENEZUELA: A change in the leadership of the governing military junta may be imminent, as recent reports again suggest that junta President Delgado Chalbaud may be removed and made Ambassador to France. Delgado's removal has been predicted frequently, since he is opposed by certain army officers because of his French military training, his past association with Acción Democrática, and his tendency towards moderation and compromise. It is not certain whether the opposition is directed against Pérez Jiménez as well as Delgado, but it appears more likely that, should changes be made, Pérez would stay on, possibly to head a reorganized junta.

A possible pattern of opposition to the junta as now constituted is suggested by reports that ex-president Medina is attempting to influence high army officers to remove the Acción Democrática taint from the government. Consonant with this is a report that General Celis Paredes, Governor of the Federal District, may be included in a reorganized junta. Celis Paredes, who formerly held a cabinet post under Medina, was in retirement throughout the Acción Democrática regime. Another military leader mentioned as a possible junta member is Major Mendoza, Commander of the La Guaira garrison, whose relation to the Medina group is not known.

The loss to the junta of the moderating influence of Delgado Chalbaud would probably result in a further shift to the right of government policies, with greater control by the military. However, even if such a change in the junta should materialize, there is no reason to believe that US interests would be seriously affected.

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- ✓ 4. BOLIVIA: A coup against the Hertzog government may be attempted by either of two military groups, [REDACTED]. The first group, headed by the Inspector General of the Army, is collaborating with the pro-Argentine INR. Younger officers, who were previously reported to be planning a joint army-INR coup, apparently support this movement (see B/LA Wkly for 7 and 23 Dec 48). The second group, probably headed by the Chief of Staff, is anti-INR. To forestall an INR coup, this group is said to be considering setting up a government with the Chief of Army as its head. As the loyalty of the top command is the main support of the weak, but generally pro-US, Hertzog government, the participation of key officers in current revolutionary activities increases the likelihood of a coup against the government. (Used in CIA Weekly 4 Feb 49)

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5. PERU: Considerable unrest is evident in Peru at this time. Although General Odría's position as President of the Junta was strengthened recently by a decree giving him the right to remove other members of the Junta, his own tenure continues to be threatened by the ambitions and the plotting of Lt. Colonel Alfonso Llosa, now Minister of Development (see B/LA Wkly for 18 Jan 49 and 14 Dec 48). The Junta has revealed its sense of insecurity by maintaining in effect the suspension of constitutional guarantees originally invoked by the Bustamante government. It has used the special powers thus obtained to arrest considerable numbers of the friends and political supporters of the ex-president. It has also forced many Apristas from their jobs. Some Odría partisans allege that the government can escape its present difficulties only by calling elections in the near future. It seems more probable, however, that it will continue the present state of siege and postpone elections, in which event the dissatisfaction with the Odría regime evinced by most Peruvians, together with the struggle for power within the Junta itself, make the continuation of the Junta, as at present constituted, uncertain.
6. CHILE: The voluntary and unexpected easing of control over Communists in Chile has been explained by President González as a move to assure democratic practices in the March congressional elections. Actually, this move shows that González estimates that the political advantages to be derived outweigh the risks attending such action. The President evidently believes that Communist strength has deteriorated to the point where there is no question of the government's ability to restrain any disruptive effort they might make before or during the elections. Furthermore, he evidently expects to regain more votes from non-Communist elements hitherto disaffected by the administration's repressive anti-Communist measures than the reenfranchised Communists can add to his opposition. It is also probable that the President believes that the popular appeal of the administration's anti-Communist crusade has been weakened considerably.
7. President Truman's inaugural offer of US assistance to undeveloped areas has been seized on by President González Videla in an enthusiastic bid for participation in the program. By offering a number of reassurances concerning security, taxation, and remittance rights, González apparently hopes to attract private US capital to supplement the \$48 million already obtained from the Export-Import Bank and the \$16 million borrowed from the World Bank.

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The Third West Indian Conference

The Third West Indian Conference met in Guadeloupe, French West Indies, 2-13 December 1948 with delegates present from the Caribbean colonial territories of the US, UK, Netherlands, and France.

The Conference adopted a series of resolutions, which, in turn, were submitted to the Caribbean Commission for consideration. The resolutions recommended the creation of machinery to coordinate loan applications made by the local governments to the International Bank, the study of territorial tariffs with a view to their reduction, and the establishment of a permanent Caribbean Committee on Tourism. The Conference also requested the Caribbean Commission to work for the removal of all forms of discriminatory restrictions affecting shipping, air travel, and air freight; the reduction of telegraph tariffs; and the convocation of meteorological experts to study the possibility of establishing an efficient hurricane-warning system.

Following the conclusion of the Conference, the elected representatives of the British Caribbean territories met in private session and adopted a resolution protesting the April 1948 Bogotá decision to set up an American Committee on Dependent Territories. The resolution stated in part that "the social, economic, political and all other affairs of the British territories are the concern solely of those territories and their metropolitan country". A similar resolution had been transmitted to the President of France in June 1948 by the General Council of Martinique solemnly "protesting against any attempt to include Martinique, French territory in the Caribbean Sea, in the territories to be considered" by the American Committee. B/LA believes that both resolutions reflect the sincere sentiment of the elected representatives of the colonial peoples involved. No amount of pressure from the UK Colonial Office could have forced such a declaration from the British West Indian delegates who would have resented any attempt to restrict their independence of action. In the case of Martinique, the General Council, elected by universal suffrage, appeared to articulate the natives' genuine pride in their status as full-fledged citizens of the French Republic.

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Approved For Release 1999/09/02 : CIA-RDP79-01090A000200010005-4

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Approved For Release 1999/09/02 : CIA-RDP79-01090A000200010005-4